

STATE OF SOUTH CAROLINA

(Caption of Case)

Generic Proceeding to Explore A Formal Request for
Proposal For Utilities that are Considering
Alternatives for Adding Generating Capacity

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2005 - 191 - E

(Please type or print)

Submitted by: Belton T. ZeiglerSC Bar Number: 5754Address: Haynsworth Sinkler Boyd, P.A.Telephone: 803.540.7815P.O. Box 11889Fax: 803.540.7721Columbia, SC 29211

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NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☒ Request for item to be placed on Commission's Agenda expeditiously

☐ Other: _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request
<input checked="" type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input checked="" type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	

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September 24, 2007

VIA E-FILING AND HAND DELIVERY

Mr. Charles L. A. Terreni
Chief Clerk and Administrator
Public Service Commission of SC
100 Executive Center, Suite 100
Columbia, South Carolina 29210

Re: *Generic Proceeding To Explore a Formal Request for Proposal For Utilities That Are
Considering Alternatives For Adding Generating Capacity*
Docket No.: 2005-191-E

Dear Mr. Terreni:

Enclosed is an original and one (1) copy of **SCE&G'S PETITION FOR REHEARING AND RECONSIDERATION**, in the above-referenced matter. The Petition was submitted to the Commission for electronic filing earlier today. We are also serving copies of this document by U.S. mail on all parties.

Thank you for your consideration of this matter.

Respectfully Submitted,

s/ Belton T. Zeigler

Belton T. Zeigler

BTZ/mam
enclosures

cc: Darra W. Cothran, Esquire
 Frank R. Ellerbe, III, Esquire
 Len S. Anthony, Esquire
 Kendal Bowman, Esquire
 Richard L. Whitt, Esquire
 Catherine E. Heigel, Esquire
 Scott A. Elliott, Esquire
 Shannon B. Hudson, Esquire

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-191-E

September 24, 2007

IN RE:)	
)	
)	
Generic Proceedings to Explore a Formal)	PETITION FOR REHEARING AND
Request for Proposal for Utilities That are)	RECONSIDERATION
Considering Alternatives for Adding)	
Generating Capacity)	
)	
)	

South Carolina Electric & Gas Company ("SCE&G" or the "Company") hereby petitions the South Carolina Public Service Commission (the "Commission") for rehearing regarding the mandatory Request for Proposal ("RFP") process for electric utilities adding new peaking generation in Order No. 2007-626. This Petition is made pursuant to S.C. Code Ann. Section 58-27-2150 and 26 S.C. Code Ann. Regs. 103-881 and 103-836(A)(4). In support of this Petition, the Company shows the Commission the following:

1. SCE&G's general offices are at 1426 Main Street, Columbia, South Carolina, and its mailing address is:

South Carolina Electric & Gas Company
1426 Main Street, Mail Code 130
Columbia, South Carolina 29201

2. The name and address of Petitioner's attorneys are:

K. Chad Burgess, Esquire
South Carolina Electric & Gas Company

1426 Main Street, Mail Code 130
Columbia, South Carolina 29201

Belton T. Zeigler, Esquire
John P. Boyd, Esquire
Haynsworth Sinkler Boyd, P.A.
Post Office Box 11889
1201 Main Street, 22nd Floor
Columbia, SC 29211-1889

3. Copies of all pleadings, orders or correspondence in this proceeding should be served upon the attorneys listed above.
4. SCE&G is an electricity and natural gas distribution utility operating in 34 counties in the central and southern areas of South Carolina, where it is engaged in the distribution and sale of electricity and natural gas to the public for compensation.
5. This matter comes before the Commission pursuant to Order No. 2005-2 (January 6, 2005) and Order No. 2005-149 in Docket Number 2004-178-E, Application for Adjustments in South Carolina Electric & Gas Company's Electric Rate Schedules and Tariffs. In Order No. 2005-149, the Commission stated that "[a]s part of our examination/education process regarding competitive bidding, we will open a generic docket for any person or company with standing to participate in order for the Commission to make an informed educational decision on whether to pursue a rulemaking regarding RFP's and competitive bidding."
6. Per Order No. 2005-2, the Commission opened generic Docket 2005-191-E to consider the merits of requiring a formal RFP process for electric utilities that are considering adding generating capacity. On October 26, 2005, the Commission heard testimony regarding the advantages and disadvantages of a formal RFP process.

7. On September 13, 2007, the Commission issued Order No. 2007-626 requiring a mandatory, formal RFP process for electric utilities considering new peaking generation.

8. SCE&G respectfully petitions the Commission to reconsider its findings in Order No. 2007-626. SCE&G requests the Commission issue a new order superceding Order No. 2007-626 and establishing non-binding guidelines regarding RFP's for utilities seeking to add new peaking generation.

9. SCE&G is not opposed to using an RFP process for purchased power or when considering adding new peaking generation when that process is consistent with the overall needs of the Company and the timing of the RFP process will not jeopardize the reliability and low cost of electricity enjoyed by consumers in South Carolina. As a prudent utility, SCE&G considers market alternatives for intermediate and peaking resources and short-term capacity needs when feasible and appropriate. Docket 2005-191-E, Direct Testimony of Neville Lorick, p.5.

10. SCE&G believes, however, that mandating a formal RFP process for new peaking generation is problematic for three primary reasons:

- a. Flexibility and Business Judgment. Requiring RFP's for new peaking generation capacity would limit the business judgment required for SCE&G to make capacity and procurement decisions in the best interests of its customers. Under a formal RFP process, pre-established criteria would replace the managerial flexibility and discretion necessary to make timely decisions for adding capacity. SCE&G believes it is paramount to maintain flexibility during the

procurement process and to have the ability to revise the evaluation criteria and self-build options as conditions change.

- b. Reliance on Third Parties. A formalized RFP process would require, in addition to all the criteria normally considered in generation and procurement planning, the assessment of the financial integrity, business ethics, operational culture and stability of potential third party generators. Many of these factors are not susceptible to easy or accurate quantification in a criteria based RFP process. For example, if SCE&G had selected the lowest bid in response to its RFP preceding the Urquhart Repowering Project, the Company would have entered into a purchase power agreement with Enron Corporation. Had that occurred, the Company would not have the capacity presently provided by the Urquhart Repowering Project, it would have a breach of contract claim and would be purchasing that capacity on the open market. Docket No. 2004-178-E, Rebuttal Testimony of N. Lorick, p. 7. As an integrated utility system, it is in the Company's best interest to acquire reliable, timely, and cost effective capacity to serve its customers. This is the primary reason consumers in South Carolina have enjoyed relatively low cost, reliable electricity.
- c. Current Regulatory Law and Practice. The current regulatory law and practice in South Carolina requires SCE&G to consider market-based options for supplying generation capacity. A mandated and formalized RFP process, even for peaking units, could impose burdens on the

generation procurement process that would be contrary to the best interest of consumers. SCE&G believes that the interest of customers and the State of South Carolina continues to be best protected by a system that leaves the decision about how to meet future capacity needs in the hands of the utility with direct accountability for all decisions to the Commission and the regulatory process.

11. SCE&G believes the prudent approach would be for the Commission to establish guidelines for RFP's when a utility is considering adding new peaking generation. If a utility does not go through a formal RFP process before adding new peaking generation, it will do so knowing that it could be called to justify the decision not to issue a formal RFP in future proceedings before the Commission.

12. SCE&G requests that Order No. 2007-626 be superceded by a new order establishing non-binding guidelines for RFP's when a utility is considering adding new peaking generation. Such an approach would maintain the current structure that provides reliable low cost service to South Carolina customers while still providing clear steps for utilities to follow when a formal RFP process is prudent. If a utility does not initiate a formal RFP process before adding peaking generation, the Commission should require the utility to justify its decision.

13. In procuring peaking generation in recent years, SCE&G has voluntarily implemented an RFP process that accomplishes the principal goals set forth in Order 2007-626, but under a process that maintains the utility's business discretion over the procurement process.

14. By participating in this docket, and in the workshop envisioned in Order No. 2007-626, SCE&G does not intend to waive or abandon any defenses or objections it might have to the application of Order No. 2007-626, or future guidelines issued under it, in future proceedings before the Commission.

15. SCE&G respectfully requests that this Commission (i) inquire into the relief sought in this Petition, (ii) reconsider its findings in Order No. 2007-626 in light of all the testimony in Docket 2005-191-E and issue non-binding guidelines for RFP's when utilities are considering adding new peaking generation, (iii) conclude that the relief requested in this Petition should be granted as filed, (iv) conduct further hearings on the matters contained herein, and (v) grant such other and further relief as this Commission may deem just and proper.

WHEREFORE, Petitioner prays that pursuant to S.C. Code Ann. Section 58-27-2150, as amended, that the Commission conduct further proceedings and enter an order superceding Order No. 2007-626 and establishing non-binding guidelines for RFP's as requested above.

Respectfully submitted, this 24th day of September, 2007.

K. Chad Burgess, Esquire
South Carolina Electric & Gas Company
1426 Main Street
Columbia, South Carolina 29201

s/ Belton T. Zeigler
Belton T. Zeigler, Esquire
Haynsworth Sinkler Boyd, P.A.
Post Office Box 11889
Columbia, South Carolina 29211

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-191-E

IN RE:

Generic Proceeding to Explore)	CERTIFICATE OF SERVICE
A Formal Request for Proposal)	
For Utilities that are Considering)	
Alternatives for Adding)	
Generating Capacity)	

I, the undersigned employee of Haynsworth Sinkler Boyd, P.A., do hereby certify that I have caused the foregoing to be served via U.S. mail, postage prepaid, *or by other delivery as indicated*, to all parties of record at the addresses shown below.

1. Petition for Rehearing

Parties of Record

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HAYNSWORTH SINKLER BOYD, P.A.

By: s/ Margaret A. McClintock
Margaret A. McClintock
Paralegal

Date: September 24, 2007